

Message Text

PAGE 01 QUITO 06226 301723Z

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AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 6226

E.O. 11652: GDS

TAGS: PBOR, EFIS, EC, PL, PE

SUBJECT: THE FORTHCOMING ECUADOREAN FISHING LAW RUNS INTO
DOMESTIC POLITICAL TROUBLE

REF: GUAYAQUIL 1271 AND 1275

1. SUMMARY: THE FORTHCOMING ECUADOREAN FISHING LAW HAS
RUN INTO SOME DOMESTIC POLITICAL TROUBLE. THESE DIFFI-
CULTIES MAY DELAY ITS PROMULGATION. THE PROBLEMS WITH
THE LAW STEM FROM THE STATE OF THE ECUADOREAN FISHING
INDUSTRY, THE NEWS THAT THERE MAY BE A SERIES OF
AGREEMENTS BETWEEN POLAND AND ECUADOR ON FISHING, AND
THE LOCAL SUSPICION THAT THE ECUADOREAN STATE FISHING
CORPORATION (EPNA) MAY INTEND TO COMPETE WITH PRIVATE
ECUADOREAN FISHING FIRMS. THIS DISPUTE IS SIGNIFICANT
TO THE US BECAUSE THE POOR ECONOMIC CONDITION OF THE
LOCAL FISHING INDUSTRY AND THE RESULTING HEIGHTENED
FEARS OF FOREIGN AND STATE COMPETITION MAY MAKE A US-
ECUADOREAN FISHING AGREEMENT MORE DIFFICULT TO ACHIEVE.
END SUMMARY

2. THE STATE OF THE ECUADOREAN FISHING INDUSTRY:
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PAGE 02 QUITO 06226 301723Z

APPARENTLY THE ECUADOREAN FISHING INDUSTRY IS IN DIFFICULTY.
ACCORDING TO THE MINISTRY OF NATURAL RESOURCES AND EPNA,
ECUADOREAN-BASED SHIPS CAUGHT 20.5 THOUSAND METRIC TONS
OF TUNA IN 1971 BUT ONLY 8.5 THOUSAND METRIC TONS IN 1972.

THIS DECLINE IN CATCH IS ATTRIBUTED TO NATURAL CONDITIONS, BUT IT ILLUSTRATES THE ECONOMIC PROBLEMS THE INDUSTRY IS FACING. THE CANNING AND FREEZING PLANTS HAVE NOT BEEN WORKING NEAR CAPACITY. THE FISHERMEN THEMSELVES ARE IN MANY CASES IN DEBT AND UNEMPLOYED OR AT BEST UNDEREMPLOYED.

3. THE POLES ENTER THE PICTURE: THE GENERAL DISQUIET OF THE ECUADOREAN FISHING INDUSTRY WAS STIMULATED BY THE NEWS THAT THE STATE FISHING CORPORATION HAD SIGNED A SIX MONTH FISHING INVESTIGATION ASSOCIATION CONTRACT WITH AN AMERICAN FISHING COMPANY - B AND B OF ALASKA (SEE GUAYAQUIL 1271 AND 1275). BUT IT WAS FOCUSED BY THE NEWS THAT POLAND AND ECUADOR WERE CLOSE TO SIGNING THREE AGREEMENTS ON FISHING (SARDINES AND WHITE FISH). ACCORDING TO SOURCES IN THE MINISTRY OF NATURAL RESOURCES AND EPNA THE FIRST IS TO BE A GOVERNMENT-TO-GOVERNMENT AGREEMENT ON TECHNICAL AND SCIENTIFIC COOPERATION WITH RESPECT TO FISHING, THE SECOND AN INVESTIGATION AND RESEARCH CONTRACT BETWEEN THE ECUADORAN NATIONAL FISHING INSTITUTE AND THE POLISH STATE OCEAN FISHING AND SERVICES CORPORATION - GRYF, AND THE THIRD THE POSSIBLE CREATION OF A BINATIONAL FISHING CORPORATION TO BENEFIT FROM THE NEW ECUADOREAN FISHING LAW. THE POLISH DELEGATION ARRIVED IN QUITO NOVEMBER 21 AND IS LED BY JOZEF RODKIEWICZ, DIRECTOR GENERAL FOR INTERNATIONAL COOPERATION AFFAIRS OF THE MINISTRY OF NAVIGATION.

4. BEFORE THE POLES ARRIVED, EL TELEGRAFO OF GUAYAQUIL PRINTED A STORY ASSERTING THAT GRYF HAD BEEN OBLIGED TO LEAVE PERU BECAUSE IT HAD BEEN OVERFISHING THERE. EPNA SOURCES HERE SAY THAT THIS STORY IS UNTRUE AND THAT GRYF HAS NEVER OPERATED IN PERU, BUT THE RUMOR SERVED TO CRYSTALIZE THE ALARM IN THE ECUADOREAN FISHING INDUSTRY. IT WAS SAID THAT THE POLES, USING THE ADVANTAGES OF THE NEW ECUADOREAN FISHING LAW, WOULD PROCEED TO OVERFISH ECUADOREAN WATERS. THE LOCAL FISHING INTERESTS THEN BEGAN A PRESS CAMPAIGN AGAINST THE AGREEMENTS WITH THE CONFIDENTIAL

PAGE 03 QUITO 06226 301723Z

POLES AND THE NEW FISHING LAW. THEY ASKED WHY SHOULD FOREIGNERS BE PERMITTED TO FISH IN ECUADOREAN WATERS WHILE THE ECUADOREAN INDUSTRY IS IN SUCH DIFFICULTIES.

5. THE ATTACK ON THE FORTHCOMING FISHING LAW: THE CENTER OF CONTROVERSY MOVED RAPIDLY FROM THE POLISH NEGOTIATIONS TO THE PROPOSED FISHING LAW ITSELF. ECUADOREAN FISHING INTERESTS CHARGED THAT THE LAW UNDULY REGULATED THEM AND GAVE UNFAIR ADVANTAGES TO THE ECUADOREAN STATE FISHING CORPORATION AND TO FOREIGN FISHING COMPANIES THAT CHOSE TO TAKE ADVANTAGE OF THE FAVORABLE ASSOCIATE STATUS IT OFFERS. THEY WENT ON TO ASSERT THAT, GIVEN THE BAD ECONOMIC CONDITION OF THE LOCAL FISHING INDUSTRY,

ADDITIONAL COMPETITION FROM THE STATE AND FOREIGNERS WAS THE LAST THING THAT WAS NEEDED. THERE HAVE BEEN DEMANDS FOR PUBLICATION OF THE DRAFT LAW, EXTENSIVE PUBLIC DISCUSSION OF IT, AND GOVERNMENT-INDUSTRY CONSULTATION ABOUT IT. FYI--THE GOE HAS IN FACT CONSULTED SOME ELEMENTS OF THE LOCAL FISHING INDUSTRY ABOUT THE LAW. END FYI.

6. THE GOE'S COUNTERATTACK: IN REPLY TO THIS ADVERSE PUBLICITY, THE SUBSECRETARIAT FOR FISHERIES OF THE MINISTRY OF NATURAL RESOURCES HAS MOUNTED A SKILLFUL PUBLICITY EFFORT. A SERIES OF OFFICIAL INTERVIEWS WITH THE UNDERSECRETARY FOR FISHERIES NAVY COMMANDER RODRIGO RIVADENEIRA AND OTHER OFFICIALS OF THE SUBSECRETARIAT AND OFFICERS OF EPNA HAVE APPEARED IN THE PRESS. THE BURDEN OF THE SUBSECRETARIAT'S AND EPNA'S MESSAGE IS THAT THE STATE CORPORATION WILL NOT BE IN DIRECT COMPETITION WITH THE EXISTING LOCAL INDUSTRY BECAUSE IT WILL FISH FURTHER OUT. THEY HAVE SAID THAT THE POLISH AND THE AMERICAN B & B COMPANY AGREEMENTS ARE TO THE ADVANTAGE OF THE COUNTRY BECAUSE MORE INVESTIGATION ON FISHING IS URGENTLY NEEDED TO IMPROVE THE PERFORMANCE OF THE ECUADOREAN-BASED INDUSTRY. FINALLY, THE SUBSECRETARIAT HAS POINTED OUT THAT THE MORE FISH CAUGHT, THE MORE WORK THERE WILL BE AT THE CANNERIES AND FREEZING PLANTS. THE DISTINCTION BETWEEN THE ROLES OF THE EXISTING ECUADOREAN FLEET AND THE STATE ONE (INCLUDING ASSOCIATED FOREIGN FLAG VESSELS) HAS BEEN MADE QUITE CONVINCINGLY IN OUR OPINION. CONFIDENTIAL

PAGE 04 QUITO 06226 301723Z

BUT IT REMAINS TO BE SEEN IF THE LAW ITSELF WILL BE PUBLISHED IN DRAFT AND IF THE PARTS OF IT RELATING TO ASSOCIATE STATUS DO NOT UNDERGO CHANGE. AN EPNA OFFICIALS TOLD US ON NOVEMBER 28 THAT THE GOE INTENDED TO PUSH AHEAD WITH THE LAW AS RAPIDLY AS POSSIBLE AND NOT TO GIVE IN TO THESE PRESSURES.

7. SIGNIFICANCE FOR THE US: THE POOR ECONOMIC CONDITION OF THE ECUADOREAN FISHING INDUSTRY AND THE RESULTING HEIGHTENED FEARS OF FOREIGN AND STATE COMPETITION MAY MAKE A US-ECUADOREAN FISHING AGREEMENT, BASED IN PART ON USING THE ASSOCIATE STATUS TO AVOID THE LICENSE ISSUE, MORE DIFFICULT TO ACHIEVE. THIS IS TRUE BECAUSE IT IS QUITE POSSIBLE THAT THE PRIVATE ECUADOREAN FISHING INDUSTRY WILL DEMAND A GREATER SHARE OF THE DEEP SEA FISHERY AT THE EXPENSE OF THE STATE FISHING CORPORATION AND ITS FOREIGN ASSOCIATES, AND THIS PRESSURE COULD IN TURN LEAD TO MORE RAPID EXCLUSION OF FOREIGN FLAG VESSELS THAN THE GOE PRESENTLY CONTEMPLATES. WHETHER OR NOT THE GOE WILL RESPOND TO SUCH A POSSIBLE DEMAND BY THE PRIVATE FISHING INDUSTRY REMAINS TO BE SEEN. ACCORDING TO EPNA AND MINISTRY OF NATURAL RESOURCES OFFICIALS, THE GOVERN-

MENT IS NOT PRESENTLY DISPOSED TO DO SO.
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